

### **304.42-100 Plan of operation.**

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  - (a) The association shall submit to the executive director a plan of operation and any amendments thereto necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation and any amendments thereto shall become effective upon approval in writing by the executive director;
  - (b) If the association fails to submit a suitable plan of operation within one hundred eighty (180) days following June 17, 1978, or if at any time thereafter the association fails to submit suitable amendments to the plan, the executive director shall, after notice and hearing, adopt and promulgate such reasonable rules as are necessary or advisable to effectuate the provisions of this subtitle. Such rules shall continue in force until modified by the executive director or superseded by a plan submitted by the association and approved by the executive director.
- (2) All member insurers shall comply with the plan of operation.
- (3) The plan of operation shall, in addition to requirements enumerated elsewhere in this subtitle:
  - (a) Establish procedures for handling the assets of the association;
  - (b) Establish the amount and method of reimbursing members of the board of directors under KRS 304.42-070;
  - (c) Establish regular places and times for meetings of the board of directors;
  - (d) Establish procedures for records to be kept of all financial transactions of the association, its agents, and the board of directors;
  - (e) Establish the procedures whereby selections for the board of directors will be made and submitted to the executive director;
  - (f) Establish any additional procedures for assessments under KRS 304.42-090;
  - (g) Contain additional provisions necessary or proper for the execution of the powers and duties of the association.
- (4) The plan of operation may provide that any or all powers and duties of the association, except those under paragraph (c) of subsection (10) of KRS 304.42-080 and 304.42-090, are delegated to a corporation, association, or other organization which performs or will perform functions similar to those of this association, or its equivalent, in two (2) or more states. Such a corporation, association, or organization shall be reimbursed for any payments made on behalf of the association and shall be paid for its performance of any function of the association. A delegation under this subsection shall take effect only with the approval of both the board of directors and the executive director, and may be made only to a corporation, association, or organization which extends protection not substantially less favorable and effective than that provided by this subtitle.

**Effective:** June 17, 1978

**History:** Created 1978 Ky. Acts ch. 282, sec. 10, effective June 17, 1978.

**Legislative Research Commission Note** (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.